

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3139

ANSWERED ON:19.08.2011

E REFUND SYSTEM

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether e-refund system has been introduced by the Income Tax department to return excess amount of Tax Deducted at Source (TDS);
- (b) if so, the details thereof;
- (c) whether the said system has also been introduced in Assam;
- (d) if so, the date from which this system was introduced along with the details in this regard;
- (e) whether the Government has proposals for simplification of the system;
- (f) if so, the details thereof; and
- (g) the details of the action taken by the Government on the said proposals?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Yes. e-Refund Scheme (or Refund Banker Scheme) was launched on 24-01-2007 on Pilot basis for taxpayers assessed in specific charges of certain stations for payment of excess prepaid taxes including TDS. The scope of the scheme has been gradually widened. Several other stations and Central Processing Centre (CPC) Bengaluru were included by October 2009 and thereafter, from August 2010 the scheme was rolled out for all the non-corporate charges throughout the country.

(b) In the Scheme, refunds generated on processing of Income tax Returns are transmitted in digitized form to the Refund Banker, currently State Bank of India, CMP branch, Mumbai on the next day of processing for further distribution to taxpayers. Refunds are being sent in two modes:

i) Electronic Clearing System and

ii) Paper Refund cheques.

In the Electronic mode, refund is issued through Real Time Gross Settlement (RTGS) or National Electronic Clearing System (NECS) which allows credit of refund directly to the taxpayer's bank account with the help of Bank account number (at least 10 digits), MICR code of bank branch and correct communication address. In Paper mode, Refund cheques are issued with the assessee's Bank Account particulars and sent to the taxpayer.

(c) & (d) Yes. From 1st September 2010 the scheme was introduced for all the Non-corporate charges in Assam.

(e) No, the Refund Banker Scheme is a simplified scheme itself.

(f) & (g) Does not arise in view of (e) above.